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INFO RUEHCHI/AMCONSUL CHIANG MAI 6064  
RUCNASE/ASEAN MEMBER COLLECTIVE

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SENSITIVE  
SIPDIS

EAP FOR EAP/MLS AND DRL/ILCSR  
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COMMERCE FOR EAP/MAC/OKSA  
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E.O. 12958: N/A  
TAGS: [EINV](#) [ETRD](#) [ELAB](#) [PGOV](#) [TH](#)  
SUBJECT: EMBASSY ADVOCACY HELPS SETTLE FORD'S PROLONGED LABOR  
DISPUTE

REF: BANGKOK 3757

¶1. (SBU) Ford Motor Company and Mazda's Thailand joint venture, the Auto Alliance Thailand (AAT), was shut down by a labor stoppage as a result of employee contract negotiations breaking down in late November, 2008. In addition to the work stoppage at the plant in Rayong province, protesting employees blocked access to the AAT plant, destroyed production equipment and disabled engines. Of greater concern, the protestors at times restricted the movements of AAT management in and out of the plant. Ford management reported that employees on the premise feared for their safety and that local police initially appeared either unwilling or unable to intervene.

¶2. (SBU) Upon hearing the initial reports from Ford, the Commercial Counselor called the provincial governor of Rayong and asked for his assistance in ensuring that local police protect Ford assets and ensures the safety of Ford's management. In addition, RSO contacted the chief of police in Rayong to inquire about the situation and press the local police to take Ford's concerns more seriously. The RSO was advised that the Governor of Rayong had asked the chief of police to intervene in the negotiations between labor and management. The Labor Officer subsequently contacted a Bangkok-based labor advocate familiar with the AAT incident. After speaking with leaders of the protesting workers, he confirmed they blocked access to the plant and restricted the movement of management, and noted with surprise these "unprecedented" tactics.

¶3. (SBU) Ambassador John during his December courtesy calls with the new Prime Minister, Foreign Minister, Finance Minister and Commerce Minister stressed the need for the Thai government to protect foreign investors. In each meeting, while making it clear he was not taking sides in the labor dispute and expressing the importance of internationally recognized workers rights, the Ambassador stressed the negative impact that the illegal labor actions, along with the lack of police protection, were having on Thailand's reputation with foreign investors. Coming on the heels of the airport shutdown, this could deeply hurt foreign investment sentiment.

¶4. (SBU) Ford executives reported January 7 that following a meeting with the Minister of Industry, the labor dispute had been resolved and that AAT would resume normal operations on January 12. Ford thanked the Ambassador for his personal attention, noting "it is always very valuable to have the Thai Government know that the US Government is giving an issue such as this some oversight".

¶5. (SBU) Comment: The threatening tactics taken by the AAT workers were out of the norm, but not isolated. There are recent additional

cases of threatening and/or violent tactics being undertaken by both management and labor. For example, the Thai media reported January 8 that sub-contracted workers at an electronics assembly company in Ayutthaya blocked the factory's entrance, and that to break their ranks, a company driver plowed a truck into the group and injured one individual. As the global financial crisis works its way through Thailand's real sector, layoffs and production slow-downs will surely increase stress on already strained employee-management relations. End Comment.